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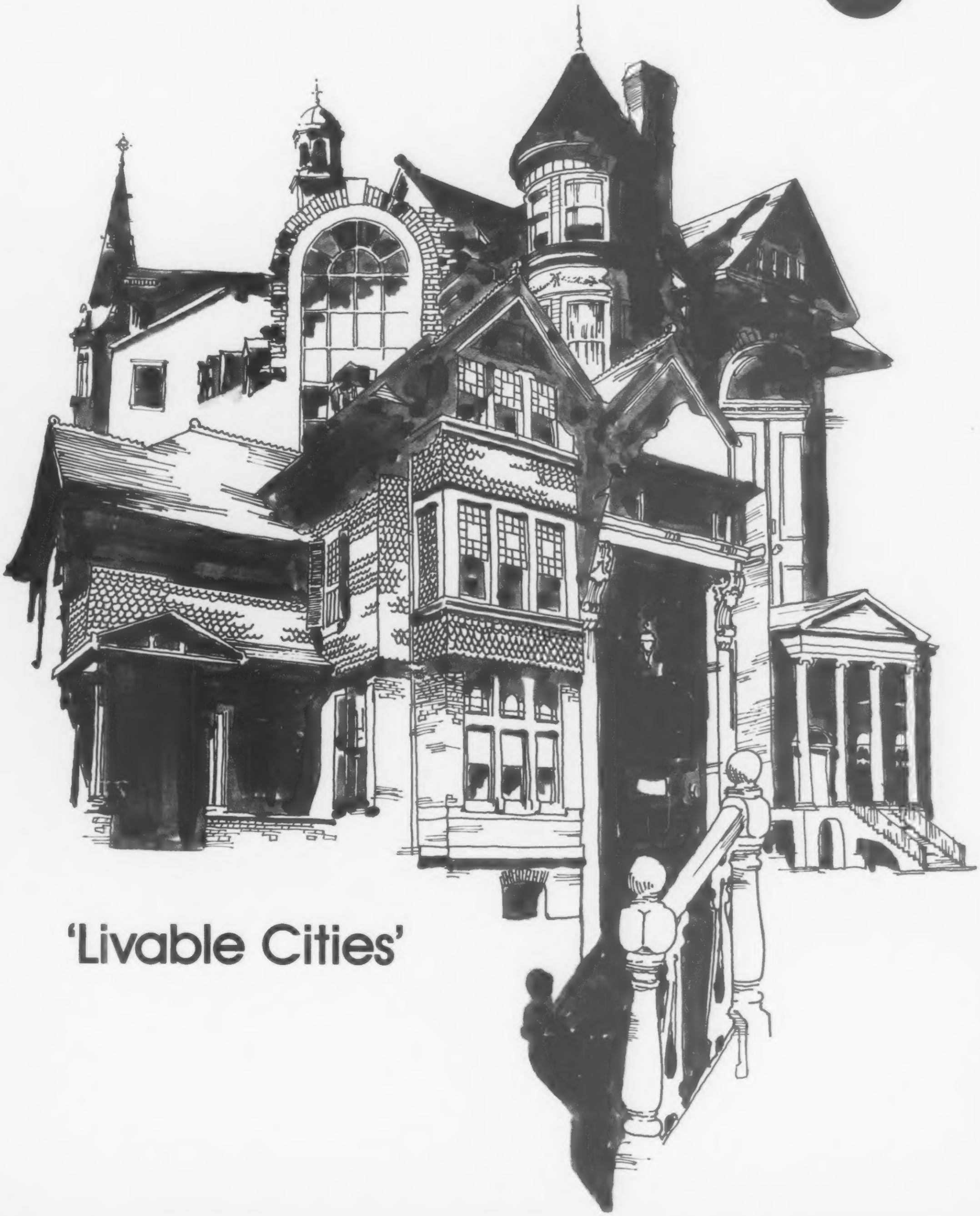

'Livable Cities'

Three-bedroom Home Most Popular

According to the National Association of REALTORS, the three-bedroom home continues to be the most popular size in resales of single-family homes. More than 55 percent of 1977 resales consisted of homes in this category. In fact, three-bedroom homes have led resales over the past 10 years, the association reported. Homes with four or more bedrooms have shown a slight increase in market share since 1968—up from 22.4 percent to 26 percent in 1977—while resales of homes with two or fewer bedrooms dropped from 21.1 percent in 1968 to 18.3 percent in 1977.

Innovative Award for Columbus, Ohio

HUD has awarded a Community Development Innovative Grant of more than $2 million to Columbus, Ohio, for a joint public-private neighborhood revitalization project. The project will feature an experimental Tenants' Home Purchase Assistance program for as many as 150 families. The grant will not only help more than 100 lower- and moderate-income renters become homeowners, it will leverage more than $15 million for the benefit of the entire community. The grant, the largest award made so far this year under the Innovative Program, is being matched by a high level of community interest and private financial participation.

Smoke Detector for the Deaf

A blind man—Pat Byers of Arlington, Va.—has developed a smoke detector for deaf persons. He has modified a regular detector to emit a radio signal as well as an audible alarm when smoke is present. The radio signal in turn causes the illumination of a strobe light—a flashing light of such intensity that it will awaken a sleeping person. The lightweight, portable; detector is battery operated and can be easily removed and relocated. Cost of the complete unit is about $250. Further information may be obtained from BEL Security Systems, 6519 North 36th St., Arlington, Va. 22213.

Model Code Groups Plan Merger

A study is underway to determine the feasibility of a merger between the Nation's three leading model code organizations—Building Officials and Code Administrator's International (BOCA), the International Conference of Building Officials (ICBO), and the Southern Building Code Congress (SBCC) International. If successful, the study will develop specific consolidation and merger proposals requiring ratification by the memberships of the respective organizations. The long-range objective being considered is the eventual merger of the three groups into one organization with a national headquarters and regional offices in Birmingham, Ala.; Chicago, Ill.; and Whittier, Calif.—the cities where the three groups' headquarters are presently located. Announcement of the feasibility study, which is being conducted by the Council of American Building Officials (CABO), an umbrella organization representing BOCA, ICBO, and SBCC, follows increasingly close cooperation between the three groups during recent years.

A Good Place to Work

According to an article in the *Wall Street Journal,* job seekers are rushing in growing numbers to join the Federal flock. Responding in part to reports that Federal employment offers comparatively good pay and iron-clad job security, nearly 12 million persons inquired about Federal jobs last year. That's 5 million more than inquired 5 years ago. Officials report that for every Federal opening, 11 applicants are waiting on the civil service rolls.

New Program for Mentally Ill Announced

First Lady Rosalynn Carter and HUD Secretary Patricia Roberts Harris recently announced an $18 million demonstration housing program to benefit persons with chronic mental illness. This unique demonstration will mark the first time HUD and the Department of Health, Education and Welfare will work together through the States to address the combined housing and support service needs that people with chronic mental illness often experience when attempting to live in community-based housing. Also, this will be the first time that Federal funds have been targeted to meet such needs. HUD will administer the program—to be called the Demonstration Program for Deinstitutionalization of the Chronically Mentally Ill—using $15 million of funds drawn from the Section 202 direct loan program serving the handicapped and the elderly. In addition, approximately $3 million of rental assistance payments funds will be set aside to insure that occupants pay no more than 25 percent of their income for rent. It is estimated that between 400 and 600 units of housing will be developed through the demonstration, depending upon the blend of new construction and substantially rehabilitated housing which is approved by HUD.

Mrs. Carter is honorary chairperson of the President's Commission on Mental Health. She has closely followed the HUD-initiated program which will bolster many existing State plans to release mentally ill persons from State and county institutions. "Through this program," Mrs. Carter said, "we can break the stifling struggle that chronically mentally ill persons are confronted with when they are released from the imprisoning conditions of mental institutions."

hudChallenge

U.S. Department of Housing and Urban Development Patricia Roberts Harris, Secretary Volume IX, Number 8 / August 1978

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Page 5: Criteria of transferability, impact, innovation and beauty must be met by human settlements vying for project funding under the Livable Cities program. This granting category was established by the National Endowment for the Arts in 1977.

Page 12: For HUD employees in Washington, D.C., and in Boston, Mass., the recent child care center openings mark the culmination of many years of planning and commitment. Profiles of the HUD center in Wash., and the interagency facility in Boston detail the lengths to which employees in both cities went to meet changing needs of workers in today's labor force.

Page 24: Providing housing in Appalachia, using conventional methods, has become more and more difficult over the last ten years. Mechanisms for use of public funds for this purpose in Central Appalachia are outlined in "Decent Housing: The Unmet Agenda."

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Assistant Secretary for Administration,
Publications and Information Division,
Office of Administrative Services

Evon H. Ervin, Editor
Rowena Sanders, Staff Assistant
Wayne Eddins, Art Director
Agnes Proctor, Production Assistant

Builders, Lenders and Futures Trading

by Gary L. Seevers
Vice Chairman
Commodity Futures Trading Commission

The Commodity Futures Trading Commission was established by Public Law 93-463 on October 23, 1974. It has broad responsibility to certify and regulate futures exchanges.

Government National Mortgage Certificates, along with other government-backed financial instruments, are providing a valuable new mechanism for 'price insurance' in the building industry.

GNMA's, Treasury notes and bills, and commercial paper loans are being traded in the futures markets along with plywood and lumber futures. And contractors, mortgage bankers and savings and loan associations are finding these financial instrument futures helpful in coping with the challenges of rising land costs, cyclical production, government program decisions, and tight money.

Futures Trading

Futures trading—developed more than a century ago to help deal with the problems in grain marketing—was a response to a growing economic need for a system to spread the risks in the

ups and downs of supply and demand. Trading in contracts for future delivery also provided a competitive system that guaranteed data for price basing and guidance in distribution and marketing.

Through commercial hedging, business and industry managers are able to take out "price insurance" by trading in futures, sharply reducing their risks. Today, the trade has expanded far beyond the field of agriculture. Over the last ten years, commercial hedging has doubled, tripled, even quadrupled in various futures markets. And it's continuing to increase daily.

This use of futures markets to limit business risks has been stimulated by the uncertainties of inflation, floating currency rates, and extreme volatility in raw material costs. Record trading volume has been experienced in such traditionally-traded commodities as corn, cotton and copper. Many new contracts have been added in recent years to serve additional economic entities, including the building industry. Lumber, plywood and interest rates on financing are among the successful new futures markets.

The theory of hedging is not all that complicated. When cash and futures markets move in parallel, as they do normally, a hedger can reduce his cash market risk by taking an equal and opposite position in the futures market. Losses in one market generally will be offset by approximately equal gain in the other.

When computing costs on a project, the builder faces the risk that his costs will rise before he gets the project underway. In a competitive situation, this risk looms even larger. He can protect himself against the possibility of rising lumber and plywood prices by hedging in the futures market.

Consider the builder who has set a resale price for a housing project, and received commitments to buy part or all of the units but has not begun construction. This builder can "fix" his lumber and plywood costs by buying futures, then selling them back when he's ready to buy the actual material from his regular suppliers. Without tying up much cash, the builder can buy the futures contracts, putting up roughly ten percent of the market value of the lumber.

Consider another builder who has a long-term contract with his supplier to buy large amounts of lumber products at agreed prices, and is concerned that the cash market may decline in the interim (putting him at a competitive disadvantage). This builder could sell futures against the cash contract. If the price of the lumber or plywood did, in fact, drop, he would then be able to make up the difference by buying back his futures contract at a lower price, keeping him competitive with builders who paid lower prices.

The cost of another commodity—money—may be more crucial to the builder than the cost of wood. And money, too, can be hedged in the futures market. A number of financial instruments are now being traded as futures: U.S. Treasury bills and notes, commercial paper loans and—most relevant to the building industry—Government National Mortgage Association certificates (GNMA's).

Each pass-through certificate is backed by $100,000 in FHA/VA mortgages, and they are widely used for financing in the single-family home market. In addition, recent changes in the Ginnie Mae program should stimulate more certificates based on FHA project loans for apartment and hotels.

Financing Building Projects

Both builders and thrift institutions face tremendous risks in financing building projects. Suppose a builder is starting a group of homes that will each carry a $50,000 mortgage. A one percent change in the interest rate on that mortgage makes a $13,000 difference in the 30-year payout for the buyer. Obviously, the mortgage rate at which the house can be offered is a major factor in pricing and stability.

If there are 300 houses in the planned development, the builder is looking at millions of dollars worth of risk. Many builders try to deal with this risk through forward commit-

ments from lenders. These often are hard to find. If found, they are relatively expensive. Of late, defaults have diminished the attractiveness of this market. These problems, of course, are all magnified in a period of volatile interest rates.

Economists who know futures markets believe that interest rate futures trading can provide more effective protection at lower costs, thus narrowing marketing margins for the entire building industry.

A builder—through his lender—can lock in the mortgage rates for buyers of his new homes through the sale of GNMA futures when the project gets underway (one contract for each $100,000 in expected financing). Then, as the homes are sold and the mortgages are placed, the futures contracts are simply bought back.

A builder might also sell Treasury bill (T-bill) futures to lock in a favorable rate of interest pending a new construction loan. The T-bill futures closely parallel the prime rate to which most construction loans are tied. If the builder fears the prime rate will increase in the six months it may take to settle on a new construction loan, he could sell T-bill futures and buy them back when the loan is consummated.

A savings and loan association might make a commitment to finance new housing construction at a given rate of interest, planning to form a mortgage pool and sell the resulting Ginnie Mae certificates to investors. An increase in the interest rate before the Ginnie Maes are sold would result in a loss to the S&L. But it could protect itself by selling Ginnie Mae futures at the time of the commitment, and buying them back when the cash-market certificates are sold. (The Federal Home Loan Bank Board permits an S&L to hedge an amount equal to its net worth.)

A Ginnie Mae dealer may be wary of too much risk exposure in an unsettled market period but, through the use of futures markets, he can "lay off" the unwanted risk, serve his mortgage banker customers, and keep their business.

Other Uses

Financial futures have other potential uses. For example, a firm might put its temporary excess dollars into Treasury bills or notes to earn interest until the cash is needed. But if those instruments cannot be held to maturity, they have to be sold at a sharp discount. The answer to that is to hedge their value in Treasury futures. This protects the earning power of the investment.

Transaction costs for futures contracts are relatively small. Commission rates, which are negotiable, range from $40 to $85 per contract, which covers the "round turn" (both buying and selling the contract). The trader also must put up "margin" (earnest money) equal to roughly ten percent of the contract's face value on lumber products, and one and one-half percent of the face value of the Ginnie Mae certificate. If the market moves against the position, more margin would have to be put up; favorable moves would bring a credit to the trader's account as the accounts are "marked to market" each day.

A word of caution: Futures markets are volatile, and even hedging carries with it a certain amount of risk. The cash and futures markets do not always move exactly in parallel, so there is exposure to what the industry calls "basis risk." In a sound hedge, however, the basis risk is far less than the overall risk to which the firm would be exposed without a position in the futures market. The closer the correlation between the cash market and the futures market, the less risk the hedger carries.

Futures markets help cash markets function more effectively. Futures provide a way to live more comfortably with the economic uncertainty inherent in the building industry.

Also, futures markets bring together a great deal of market information at a central point—information from cash markets, from commercial hedgers, and even from outside speculators who would not normally participate in cash markets. All of the market information possessed by this broad spectrum of participants is pooled in the futures trading pits, where buyers and sellers make their bids by open outcry. As a result, futures markets are the most open, competitive and best-informed markets we have. Futures prices are publicly quoted. Cash market prices very often are closely held.

The forward commitment market in mortgage funds has been hurt recently by defaults, as was pointed out earlier. In the futures trading, the full financial resources of the futures exchange and all of its clearing members stand behind the performance of the futures contracts.

The final price discovery advantage is that the futures market bid is a forward bid. It offers a guide to the expected prices or rates at some time in the future. This helps the industry to plan ahead more effectively.

Impact of Futures Trading

Research indicates that futures trading in financial instruments already is helping to increase competition and narrow marketing spreads in the industry. The bid-ask spread in the GNMA spot market apparently has narrowed; some of the regional differentials have decreased, and there has been some dampening of cycles. The mortgage market does seem to be gaining efficiency since the introduction of the futures market.

The annual volume of mortgage commitments may run more than $100 billion, so that even small percentage gains in market efficiency can bring hundreds of millions of dollars in benefits to the housing industry, and ultimately to the public.

The first step toward understanding what futures trading can do for any business is "charting the basis"—noting the correlation between the normal price movements in the local cash market and the price movements in the relevant futures contract. Charting the relationship between futures and local market prices (the basis) over a period of several months will give some idea as to whether the futures represent a good hedge—for a builder, a lender, or any other business firm. □

The First HUD International Seminar Series
by John Geraghty

Designed for senior Department officials, the First HUD International Seminar Series concentrated on foreign experience in housing finance as a source of new perspectives on HUD's programs. This series of six consecutive weekly seminars, which concluded in late May, was organized by Mrs. Tila Maria de Hancock, Assistant to the Secretary for International Affairs. The various invited speakers focused on mechanisms that are or have been used abroad to mobilize capital and upgrade housing conditions for lower-income families. The series would not have been possible without the cooperation of several World Bank officials.

The first speaker, Dr. James W. Christian, Senior Vice President of the National Savings and Loan League, spoke on "Housing Finance in the Developing World: Its Relevance to the U.S. Experience." Drawing on the National League's 20 years of experience in the housing programs in the developing world, Dr. Christian spoke about the creation of viable housing banks to serve low-income people and the experience of several countries with indexing as a means of coping with the extremely high rates of inflation—40 percent per year higher—which face several developing countries.

Maurice C. Mould, Financial Advisor to the Director of the Urban Projects Department at the World Bank, spoke about "The Housing Finance System and The National Housing Bank of Brazil" at the second seminar. Brazil's National Housing Bank is one of the largest and most successful urban development banks in existence. Despite its name, the Bank deals not only with housing but also with almost every aspect of Brazil's rapid urbanization process—from infrastructure requirements to community facilities to technical and other support operations.

The third seminar centered on "The Dynamics and Constraints in a Centralized System of Housing Finance, with Particular Reference to Korea and France." The speaker, Dr. Bertrand Renaud, is a regional economist with the Development Economics Department of the World Bank. Dr. Renaud discussed the role of the Korean Government in mobilizing capital for housing in a country where the financial markets are underdeveloped. He pointed out that the Korean people, who face a great housing shortage, rely as much, if not more, on informal arrangements in an unregulated money market than on the major government institution—the Korean Housing Bank. Time constraints did not permit Dr. Renaud to outline the operations of France's centralized housing finance system as a counterpoint to the Korean experience as he had planned.

At the fourth seminar, Dr. David Kiefer, an American urban economist, spoke on "The Equity of Alternative Policies for the Australian Homeowner." He drew a very useful comparison of the different ways the U.S. and the Australian governments treat the tax aspects of homeownership; described a new program whereby Australians buying houses for the first time qualify for government grants equal to one-third of their savings; and summarized some of his own research on the effects of income tax indexation and the taxation of imputed rent on housing costs. At the time of this seminar, Dr. Kiefer was concluding a 4-month leave of absence from his teaching post at La Trobe University in Australia to do research at the Urban Institute on HUD's housing allowance program.

David Gill, Director of the Capital Markets Department of the International Finance Corporation, World Bank, spoke at the fifth seminar on "Housing Finance Systems, with Particular Reference to the Establishment of the Savings and Loan Industry in Colombia." Gill discussed the role of the IFC in helping countries organize, fund and administer viable housing finance institutions. The Colombian bank chosen as the case study is one in which the IFC had an equity investment.

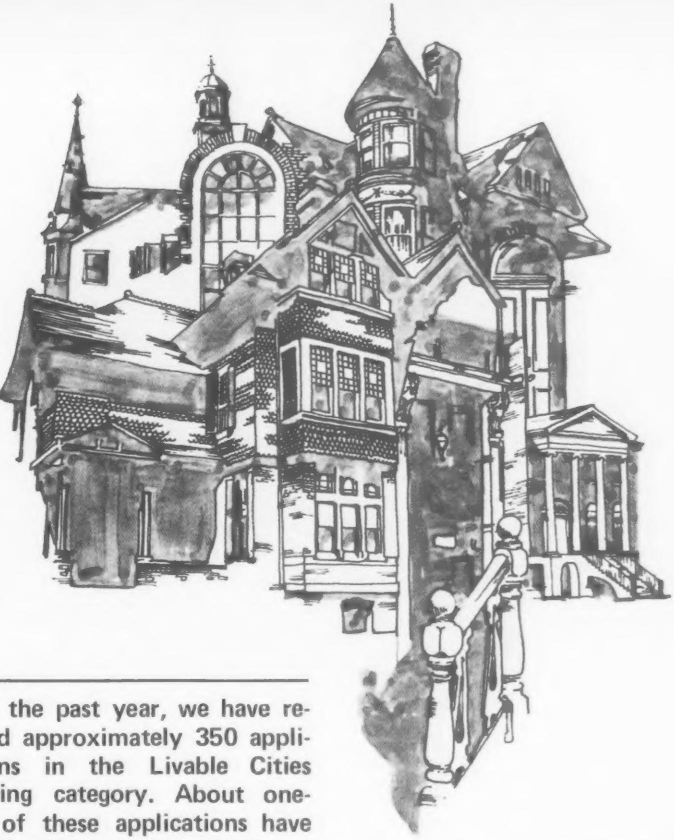
The sixth and final speaker, Dr. Willi-Dieter Osterbrauck, is a member of the Board of Directors of the Bausparkasse Heimbau (a savings and loan bank exclusively for home buyers) in Cologne. In a general review of the current German housing finance situation, he went into the operations of the Bausparkasse which usually provide about 40 percent of all the housing finance requirements in the Federal Republic. These institutions operate on a contract savings system under which people invest their savings at very low rates of interest (e.g., about 2.5 percent per annum) in return for a contract whereby they receive mortgages at half the current market interest (e.g., about 5 percent per annum). Dr. Osterbrauck's paper, entitled "A German View of Ways to Finance Housing," is now being edited by HUD's International Office. Unlike the previous speakers, all of whom live in Washington, Dr. Osterbrauck flew in from Cologne to speak at HUD. This was arranged, in large part, by Dr. Hans-Dieter Hanfland, Alternate Executive Director for Germany, at the World Bank.

HUD's International Office is now considering a second series for this fall along the lines of the first series but with broader participation by HUD personnel.

John Geraghty
HUD Office of International Affairs
Telephone: 202/755-5770

Livable Cities: Historic Preservation or Urban Conservation

by Geraldine Bachman



What makes a city livable? More parks? More children? More police? More hospital beds? Nicer neighbors? Closer neighbors? No neighbors?

What *does* make a city livable? And what if anything, should the National Endowment for the Arts be doing to assist in the development of more livable American Cities. These are the questions that the staff of the Architecture, Planning & Design Division (then called Architecture + Environmental Arts) were asking during formulation of the criteria of a new granting category under the leadership of Roy Knight and Bob McNulty.

"Over the past year, we have received approximately 350 applications in the Livable Cities granting category. About one-half of these applications have been in the areas of adaptive reuse of buildings, and revitalization of neighborhoods and commercial strips through renovation and redesign of existing structures and pedestrian space. . . ."

The Arts Endowment and Livable Cities

To address the second issue first, the Arts Endowment's actual involvement with community planning and design is quite small. The budget for the Livable Cities granting category is presently less than $1 million annually and the budget for the entire Architecture, Planning, & Design Division is only $3.5 million, making it the Arts Endowment's smallest program. But some involvement is appropriate, for throughout the history of human settlements, art has flourished in cities. And throughout history, the most livable cities have been the ones where art has been an important aspect of the total urban environment.

We at the Arts Endowment believe that the quality of life in American cities is such a significant issue that it must be addressed by America's most talented people—artists as well as planners, engineers, economists, and financiers. Those artists who want to participate should not have to step aside because they are not connected in official ways to the urban process. Artists must be in the mainstream and the Endowment recognizes this by supporting many different kinds of activities.

Thus, in early 1977, the National Endowment for the Arts established a new granting category called Livable Cities. First, it needs to be said immediately that we have exercised artistic license and used the term "city" to mean any human settlement. Size of the city, town, or even village is not a factor in making grant awards. The second point to note is that we decided to make Livable Cities an open-ended granting program; we therefore did not specify what type of project would qualify for a grant. We would leave that choice up to the applicant. Instead, we asked the community governments and nonprofit organizations who would be applying to establish their own priorities according to their assessment of local need. Our grant awards would be made based on the quality, rather than the type, of the project to be undertaken. Thus, the Livable Cities granting category is in a responsive mode. We are not second-guessing what communities should be doing to improve the physical quality of a town or city. We are only asking that whatever they choose to do, they meet our criteria of transferability, impact, innovation and beauty. And what have we learned from the field? Given this open-ended approach, how do communities respond? What is important to them?

Over the past year, we have received approximately 350 applica-

tions in the Livable Cities granting category. About one half of these applications have been in the areas of adaptive reuse of buildings, and revitalization of neighborhoods and commercial strips through renovation and redesign of existing structures and pedestrian space. Of course, this is not a definitive or scientific sample of nationwide community priorities. However, we believe it does allow certain generalizations or conclusions and we have our theories as to why the response has been so overwhelmingly skewed in favor of urban conservation.

"The willingness of our society to look anew at old buildings and ask if there is not vitality yet left in them, is certainly due in part to the work of historic preservationists who have long been aware of the historic, architectural, and social value of preserving these structures. . . ."

The Conservation Ethic

First, our grants are small. The largest amount awarded is $30,000; most grants are for less. In addition, all Livable Cities grants require a 50 percent match. Thus, with only limited resources available, our applicants may deem it financially more feasible, to take care of and improve what already exists. Secondly, our grants may only be used for planning, research, conceptualization, or design. Money is not available for actual construction or acquisition. Once again, given these limitations, a community may prefer to redesign what it already has, rather than to start something new.

A socio-economic factor which might cause communities to prize urban conservation projects is that renovation is often more labor intensive than new construction. The Economic Development Administration has found in the administration of its Local Public Works Program that $1 million spent for the renovation or restoration of old or historic buildings, creates an average of 109 jobs, while $1 million spent on new construction, creates an average of only 69 jobs.

But we believe that there are also spiritual and esthetic factors which account for the interest communities have shown in urban conservation and preservation of old and historic buildings. One factor is scale. Older neighborhoods and commercial strips usually consist of two-, three-, or four-story buildings which do not threaten or overpower the individual. Often times, older districts have a consistency of texture, building materials, and style which is reassuring and familiar to the individual. Also, many of these old buildings have detailed work such as frescos, medallions, carvings, miniature sculpture, and contrasting brick work. Some of our grantees from the People's Development Corporation came to our offices one day to show us slides of some of the buildings they have been renovating. One of the slides was a close-up of a beautiful, carved stone medallion set over the entrance of the brick apartment building. "Look at that old thing," the young man said. "We cleaned it up and now it really stands out." He was clearly proud that their buildings were enhanced by such fine detail. The PDC representatives felt that some of their old buildings possessed outstanding architectural features and they were making plans to nominate them to the National Register as historic landmarks. And why not? Why should low-income persons be limited to meat-and-potato housing? Why shouldn't they have some beauty in their environment too?

The success of the PDC's rehabilitation efforts in the South Bronx is related to their success in reestablishing a sense of community. René Dubos, the noted biologist who has become more concerned with the human community and its needs and functioning, believes that one person can only relate in a meaningful way to 500 or 1000 people, about the population of a small neighborhood or a village. If this is so, neighborhoods are critical to a person's sense of identity and his perception of whether or not his participation can make a difference to what happens to where he lives. Preservation of the physical aspects of a neighborhood is one means of keeping meaningful social units intact. A wall plaque on the African Meeting House of the Museum of Afro-American History in Roxbury, Mass. reads, "We cannot make informed decisions about where to go if we cannot recognize where we are and where we have been." Byron Rushing, President of the Museum, feels that preservation of the built environment is an important ingredient in the strengthening of Roxbury community improvement efforts.

Conservation of Resources

Another factor is that people are becoming more sensitive about conservation of resources. They are beginning to ask more seriously if we can afford, in both social and financial terms, to tear down these old structures and build new ones. Can we afford to ignore the acres of abandoned but structurally sound houses in the heart of some of our finest cities?

Preservation of something means taking care of it. In Europe, a relatively small area geographically, with a population roughly the same as the U.S., resources have been limited for the past several hundred years. So, in Europe they have been conserving old buildings for a long time, as a matter of course. Some buildings, of course, are preserved for their historic merit, others for their architectural splendor. But these special buildings are not taken out of mainline use; instead, they remain a part of people's daily lives, for they continue to provide shelter for important activities such as local government. Moreover, these venerable buildings have not been kept in use by "Historic Preservationists" who are seen as a breed apart. Conservation of the existing stock is accepted because to replace the structures would be viewed as a waste of resources. Also,

WALKER'S POINT, MILWAUKEE
Houses in Walker's Point, an ethnic working class neighborhood near downtown Milwaukee, have been well maintained by neighborhood residents. A grant from the National Endowment for the Arts is supporting revitalization activity in the neighborhood commercial strip. The neighborhood is possibly threatened because houses are being demolished in order to clear land for light industrial use. Neighborhood organizations are trying to get a change in the zoning ordinance.

HUNTSVILLE, ALABAMA
Small house in the historic district of Huntsville, Alabama slated for demolition in order to make way for expansion of commercial district. A grant was awarded by the National Endowment for the Arts to assist in planning for the district and in related public education efforts. The goal is to offer alternatives to haphazard demolition of the existing neighborhood.

CITY OF WILMINGTON, DELAWARE
Plans are underway to recycle abandoned buildings in the inner city of Wilmington, across from the historic railroad station which is being renovated by the Federal Railroad Administration. The goal is to find activity-intensive uses for the buildings to serve the needs of inner city residents and travelers. A study is currently being funded by the National Endowment for the Arts to plan for an economically effective and aesthetically complementary rehabilitation of the structures.

the people in Europe have recognized for longer than we, that old or historic places provide a social continuity, a physical manifestation of a spiritual glue which is an important ingredient of successful communities. Thus, the citizens of Berlin, when they set about rebuilding their city after World War II, decided to leave in place the bombed-out remnants of the Kaiser-Wilhelm Memorial Church, both as a visual anchor with the past and as a daily reminder of the destructiveness of war. They built a beautiful modern church right next to the remains of the battle-scarred tower. Today, these two magnificent structures stand side by side in the heart of Berlin as a powerful symbol of past and present, and the nature of man and society.

Many communities feel an attachment of this sort to old school buildings which are no longer needed as educational facilities. People of these communities are reluctant to demolish the schools because so many vital events once occurred there. Thus, some local governments and organizations are now searching for other uses for the schools so they may be kept in the mainstream of neighborhood life. The Educational Facilities Laboratory in New York City, for example, has submitted an application to demonstrate a variety of reuse options and ways in which city governments can act more creatively with regard to adapting these facilities to meet changing community needs.

Is this drive to save the old schools part of the historic preservation movement? Or is the movement itself broadening into something more aptly described as urban conservation which encompasses concern not only

for the buildings themselves, but for the activities which take place inside and between these buildings, and for the social value of maintaining physical continuity? The willingness of our society to look anew at old buildings and ask if there is not vitality yet left in them, is certainly due in part to the work of historic preservationists who have long been aware of the historic, architectural, and social value of preserving these structures. These people deserve credit for their convictions and their perseverance. We must now recognize that this small band of privileged people who, 15 years ago, had the time and the energy to devote to community affairs, has now been swelled by thousands of people from all over America, of all ages, and of all income levels. These people resist the destruction of existing resources when there is no apparent reason other than that the buildings are old and rundown, but not worn out.

A fortunate result of this expanding "historic preservation" movement is an awareness of the negative social impact of the "gentrification" of old neighborhoods through physical restoration and displacement of indigent populations. Mechanisms such as sweat equity, cooperative ownership, Section 312 loans (National Housing Act of 1964), Section 8 rent subsidies (Community Development Act of 1974), and circuit-breaker clauses are now being used to enable current residents of reviving neighborhoods to have the choice of staying put should they so desire. Savannah Neighborhood Action Project, the Manchester area in Pittsburgh, and South Boston are all examples of neighborhood revitalization efforts which are employing such mechanisms.

Urban Conservation Grant Awards

Thus, we at the Arts Endowment are not surprised to see such a large number of applications in the realm of urban conservation. Some of the urban conservation grant recommendations made by Livable Cities panels include such projects as those listed in the next column:

In addition, numerous other awards in urban conservation have been made under the aegis of both existing and previous granting categories, including 100 percent grants made to individuals. These grants have been described in three booklets recently published by the Endowment: *(1) Adaptive Reuse: Alleys to Zoos; (2) Downtowns: Revitalization by Design; and (3) Neighborhoods: Revitalization by Design.*

Thus, we at the Arts Endowment endorse the urban conservation movement. There is something inherently wrong about destroying or abandoning existing infrastructure. Lifestyles are changing, but social continuity is rooted in the past. The bottom line is important, but so is the way people feel. Until such strong forces can be

Area XV Regional Planning Commission — **$20,000**
Des Moines, Iowa
To redesign four small towns (Keosaugua, Farmington, Bonaparte, and Bentonsport) along the Des Moines River.

Boston Educational Marine Exchange — **$23,000**
Boston, Massachusetts
To study the feasibility of a multi-use facility for marine research and education, a natural history and interpretive center, museum, inn, and conference center, with space provided in the abandoned buildings of historic Fort Andrew on Peddock's Island.

Buffalo Neighborhood Housing Services, Inc. — **$15,000**
Buffalo, New York
To establish a storefront office to design and implement storefront rehabilitation projects on Bailey Avenue.

City of Greenville — **$10,000**
Greenville, South Carolina
To redesign 80 storefront facades as a component of a downtown revitalization program which parallels a $28 million central business district project.

Historic Walker's Point — **$20,000**
Milwaukee, Wisconsin
To develop a specific and comprehensive neighborhood revitalization program for Walker's Point, the first settlement in Milwaukee and now a working class neighborhood.

City of Leadville — **$20,000**
Leadville, Colorado
To undertake design planning studies for the rehabilitation of historic structures along Harrison Avenue and to improve the design of streets and street furniture.

City of Lowell — **$25,000**
Lowell, Massachusetts
To provide for design work in the adaptation of existing hydropower systems to current needs, integrating adapted systems with existing buildings and townscapes of architectural and historical significance.

City of Marysville — **$7,500**
Marysville, Ohio
For a comprehensive community identity program to demonstrate the economic value of imaginative use of existing downtown structures, and to develop design controls in order to insure that standards are maintained in the downtown commercial area.

better reconciled, the various components of our society will continue having difficulties trying to pull in tandem and individuals will be hindered from finding the physical and spiritual framework necessary to realize their full potential as good citizens. National policy must do a better job of recognizing people's needs in this regard. □

Ms. Bachman is an Arts Specialist, Architecture, Planning and Design Program, National Endowment for the Arts, Wash., D.C. As HUD Challenge goes to press, legislation is being considered by the U.S. Congress which would expand the Livable Cities Program, primarily procedures for selection of criteria and panelists, which would be proscribed by HUD and the Endowment.

ST. NICHOLAS NEIGHBORHOOD PRESERVATION AND HOUSING REHABILITATION CORP., BROOKLYN, NEW YORK

The St. Nicholas Neighborhood Preservation and Housing Rehabilitation Corp. is a not-for-profit organization which was formed to preserve and stabilize a working-class neighborhood in Brooklyn, New York. A primary goal has been the rehabilitation of neighborhood housing stock to make the community more attractive to young families. A rehabilitation project currently being planned is the conversion of non-residential structures, such as the abandoned factory shown in the picture, into housing units big enough for growing families. The National Endowment for the Arts has funded a one-year feasibility study to pay for the projects' initial design and packaging. Rehabilitated structures will be designed to suit the needs of working-class families in St. Nicholas Community, unlike loft conversions for profit which have been geared to a middle-income market. The project will include the use of tax abatements, sweat equity and joint participation loans so that whether individual apartments are rented or sold as cooperatives, costs will be kept at a level neighborhood residents can afford.

City of Manitou Springs **$17,600**
Manitou Springs, Colorado
To support a comprehensive design plan for downtown economic revitalization.

Minneapolis Industrial Development Commission **$ 5,000**
Minneapolis, Minnesota
To conduct economic and design feasibility studies for adaptive reuse of the architecturally and historically significant Grain Belt Brewery located on the Mississippi River.

Municipal Art Society **$30,000**
New York, New York
To provide support for several pilot design projects to demonstrate the possibilities for rehabilitation of New York's subway stations.

Museum of Afro-American History **$14,200**
Boston, Massachusetts
To prepare a design study and archeological survey for restoration of Smith Court and its connecting alleyways.

Neighborhood Housing Service of Cleveland, Inc. **$ 5,000**
Cleveland, Ohio
To prepare a preservation manual for homeowners that will be useful to NHS contractors and lenders in maintaining the Near West Side's distinctive visual character.

Oysterville Restoration Foundation **$ 4,500**
Oysterville, Washington
To develop a plan and prepare guidelines for architectural design in the Historic District of Oysterville.

People's Development Corporation **$15,000**
New York, New York
To establish a design and planning unit to teach community residents skills and concepts needed to redevelop their neighborhood.

Savannah Landmark Rehabilitation **$20,000**
Savannah, Georgia
To provide design services to renovate 82 remaining units of ongoing, low-income projects and to develop site plans for neighborhood improvements.

City of Wilmington **$15,000**
Wilmington, Delaware
To research and formulate a design plan to create a complementary and productive environment in the vicinity of Wilmington's historic railroad station.

Innovations in Rural Housing

by Mary Rollwagen
and Susan Taylor

"What we need in rural Minnesota is a housing delivery system that works."

"We looked at all the needs, and found that there was a program to meet each one, but some of the programs aren't working in our areas." These comments sum up the sentiments expressed at a recent conference of rural Minnesota housing deliverers who are seeking to find better ways to provide Federal, State and local housing programs to those who need them.

Finding ways to develop a coordinated delivery system for rural housing programs is the goal of these participants in a special HUD-sponsored 18-month administrative grant program called the "Rural Innovative Housing Project." Of 25 such innovative programs in the Nation, Minnesota's is unique because it is the only one that focuses on the problem of *delivery* as opposed to construction. Administered by the State Department of Economic Security, Office of Economic Opportunity, and assisted by the Office of Local and Urban Affairs, funds have been apportioned among ten of the State's thirteen planning regions.

In order to receive funding, each region was required to form a consortium for the duration of the grant consisting of agencies that plan or implement housing programs; these include Regional Development Commissions (RDC's), Community Action Agencies (CAA's), and County Housing and Redevelopment Authorities (HRA's). The first order of business for these agencies was to establish regular, formal communication among themselves. Their meetings, in some cases, represent the first effort to establish a dialogue among rural housing planners and deliverers that is based on cooperation rather than competition.

"The strength of this project is that it allows rural deliverers, who are closest to the problems, to explore and perfect their own solutions."

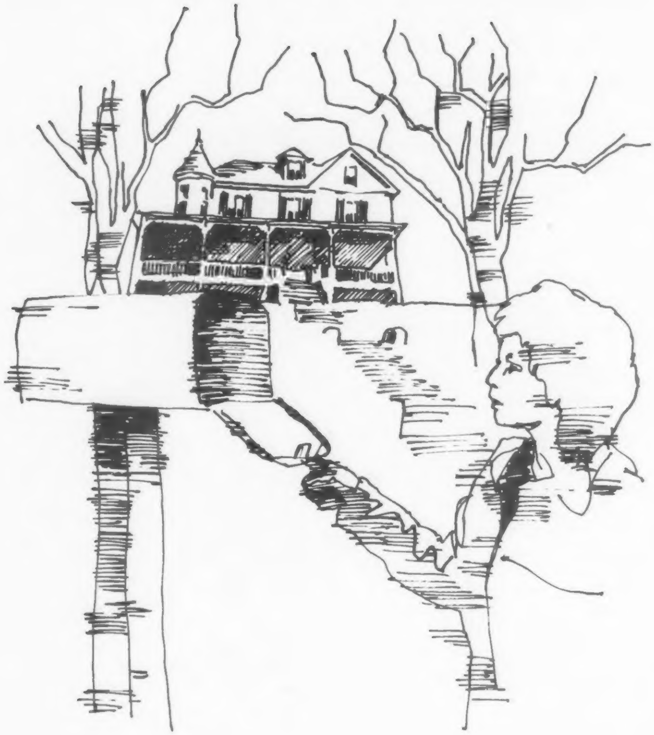
Approaches

Each consortium has its own strategies to meet the goals of the grant, and the collected plans of action represent diverse attempts to improve rural delivery. Below are a few of the innovative approaches which are being tried in the participating regions.

Effective outreach is critical to a successful rural delivery system and is difficult to achieve because of the scattered population pattern. Regions have developed brochures describing all available programs and are distributing them to stores, banks, social service agencies, and directly to box holders. An outreach bus, purchased and used by a CAA and several other social service agencies in one region, is providing good coverage in remote areas. Personal visits to the elderly and handicapped have increased their awareness of and participation in available programs. Information on housing programs is also being disseminated through local vocational technical classes which focus on home repairs.

Almost every region wants to make Minnesota Housing Finance Agency (MHFA) rehabilitation loans more accessible to clients. Banks administer these loans, but as their participation is voluntary, geographic coverage is uneven. Regions are trying to increase bank participation by including bankers in their housing dialogue, placing their agency funds in participating banks, and even putting up the initial commitment fee, or part of it, for the bank.

The Arrowhead Economic Opportunity Agency (AEOA), in northeast Minnesota, has succeeded in a dif-



ferent approach; it has obtained Title I Certification from HUD to perform the functions of a lending institution in distributing MHFA home repair loan funds. It is the first CAA to achieve lender status in the country, receiving an initial commitment of $50,000 and making its first home improvement loan in February 1978. By combining the CAA's dedicated outreach staff with lending capability, AEOA hopes to reach the many moderate-income homeowners with rehabilitation needs who are not eligible for a grant and cannot find low-interest financing elsewhere. This task is demanding, for the agency's three-county service area covers over 10,000 square miles of a predominantly rural area. Since February, Arrowhead has delivered the $50,000 and recieved an additional $75,000 in funding.

The lack of any coherent delivery system is a problem that is compounded by the fact that the programs themselves are funded and administered by different sources. Much local expertise is required to understand and utilize the maze of differing eligibility criteria, funding cycles, administrative regulations and data needs. Consortia in Minnesota are attempting to meet this problem by creating their own program manuals for use by outreach workers. They are also attempting to combine similar programs for maximum impact on individual needs, especially in rehabilitation.

Particular efforts are being launched to utilize Farmers Home Administration (FmHA) programs more effectively. Communication is being established at the local level that will improve referrals to FmHA and involve county supervisors in local housing discussions. Information needs and participation in State allocation strategies are being discussed on the State level.

Some HUD programs are not available to an area unless it has an HRA. To extend coverage of HUD programs, especially Section 8 Existing, many regional consortia are working to convince county boards to create county or multicounty HRAs.

Regions are also exploring the possibility of applying on a multicounty basis for CDBG funds to be used for rehabilitation and land acquisition. This has never been tried in Minnesota, and may be useful in extending help to families located outside municipalities.

The HUD Innovative Housing Project ends in December 1978. Evaluation will focus on innovations which are transferable. The strength of this project is that it allows rural deliverers, who are closest to the problems, to explore and perfect their own solutions. It is hoped that the results of this demonstration project will help HUD and FmHA focus on some of the critical delivery questions in rural areas as they redesign the rural housing delivery system. □

Mary Rollwagen and Susan Taylor are employed through a contract provided by the Department of Economic Security, Office of Economic Opportunity, to the Minnesota State Planning Agency. They will prepare the evaluation of the HUD Rural Innovative Housing Grant, and currently offer technical assistance to grantees.

Babar and Mother Goose Come to HUD

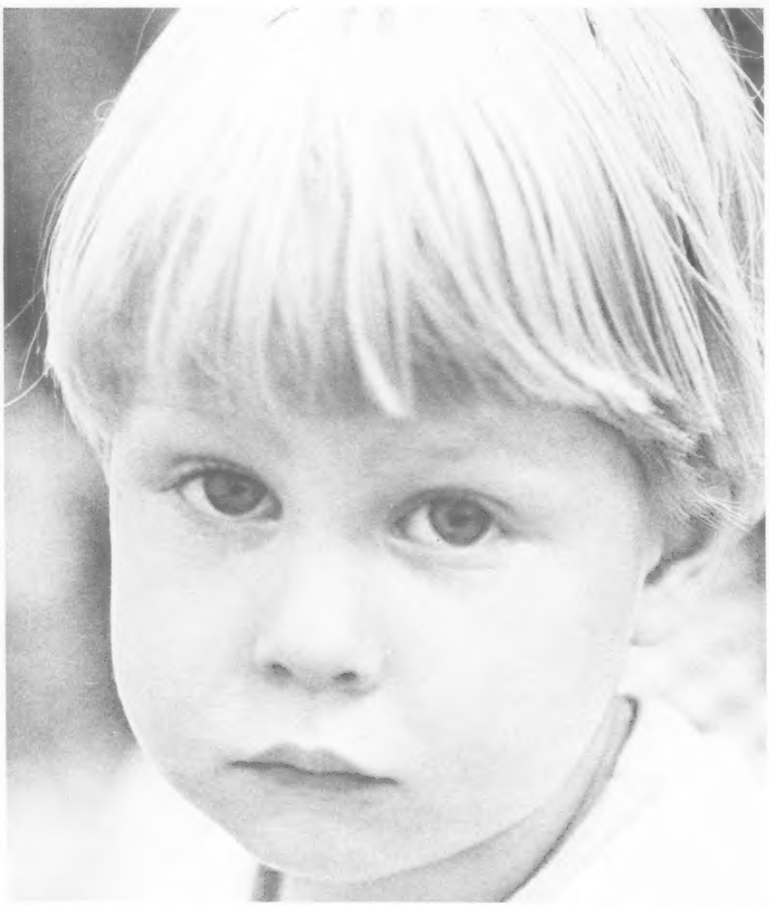
by Jane Karadbil

On Site Child Care for HUD Parents

In the past 35 years, the number of working mothers has increased fivefold, reflecting the most significant change in the labor force in the Nation's history. Most of these 38 million women work because of economic need. But, for some 5½ million women with children under age 6, the opportunity to work may be lost unless employers recognize that for these women, child care is also an economic necessity.

Care of preschool age children is a major problem for working parents. Adequate, convenient, and inexpensive child care is simply not available to most people. Working mothers and fathers of all income groups spend an inordinate amount of time and energy making arrangements with relatives or neighbors. These arrangements are often unreliable and *have* to be frequently. The children often spend their days in a custodial rather than educational atmosphere. One ideal form of child care, which is rarely available, is a child care center located close to where parents work.

Ribbon Cutting Ceremony for the HUD Child Care Center (June 5th)—HUD Assistant Secretary for Administration William A. Medina gets a little help from Tamara (right, center) and Crosby (left, center) at the Child Care Center ribbon cutting. Other children pictured (l. to r.) are Tarina, Sean, Tommy, Valeria, Anita and Erica.



A penny for your thoughts, Tommy. No doubt, Tommy is trying to take in stride all the excitement surrounding the opening of the HUD Day Care Center. Hence the reflective expression.

Such centers can not only provide high quality education and nurturing, but can also result in improved retention of employees, improved attendance and job performance and can be an aid in recruitment.

On June 5th, HUD Assistant Secretary William Medina presided at the opening ceremony of the HUD Child Care Center in Washington, D.C. On the same day in Boston, Massachusetts, Senator Edward Brooke officiated at a ribbon-cutting, marking the formal dedication of the Government Center, a Federal interagency child care center located in the J.F.K. Federal Building. Both child care centers are the dynamic products of more than 5 years of dedication and hard work by HUD and other Federal employees. The following articles describe the differences and common aspects in history and current operation of the two child care centers.

HUD Child Care Center

Tommy Leary wasn't even born when a committee of HUD Central Office employees began working on the creation of the HUD Child Care Center. Neither were Gretchen Trygstad, Erica Jefferson, and Crosby Treadwell. But

Celebration Cake—George Thornton, President of Union Local AFGE 476, assists Maria Ratcliff, President of the HUD Women's Caucus, in cutting a cake specially made to celebrate the Center opening. The Caucus and the Union initiated and planned the Center.

Finger-Licking Good—Tamara (left) and Tommy (right) enjoy cake and punch at the party following the ribbon cutting.

these children are now reaping the benefits of the hard work and devotion of these and other HUD employees. The HUD Child Care Center (HCCC), which officially opened on June 5, 1978, had been in the planning stage for over 5 years, during which time the children it was originally planned for had all grown too old to attend. But other eager children have been found to take their places.

Planning Took Years

It all began in 1973 when the HUD Women's Caucus, the Recreation Association, and the Union (AFGE Local No. 476) formed a Day Care Committee to explore the feasibility of a child care center for approximately 60 children, ages 2½ to 5. At that time the space now occupied by the Center was occupied by the GSA Store. This committee submitted a proposal for the Center to the then Secretary James Lynn. His commitment to provide space, renovation, and start-up equipment was received in December, 1974. This HUD commitment was based on an agreement that the Center would be financially self-sustaining.

The Committee then conducted a survey to determine parent interest in the creation of a Center and the results showed an overwhelming need for such a facility. In March 1975, 13 employees formed an interim board for the Center, which is still in existence and has guided the Center through its developmental stages. The Board began an ongoing self-education process. Members visited several other centers and conducted panel discussions with experts on how to run a center. Although HUD had required that the day-to-day operation, including the hiring of staff of the Center, was to be done by a management firm, the Board had much work to do before the Center could open.

The first committee to begin work was the Space and Facilities Committee which was responsible for developing the design guidelines under which an architect could design the Center. The architect was directed to design a center based on the open-classroom concept which enables teachers and children to manipulate the space to suit their needs. It was particularly important to design the room to overcome the effects of its basement location; to provide some break between the activity areas while allowing for easy passage from one area to another; and to create an inviting environment for the children and teachers. Dry and wet areas, quiet areas, areas where games could be played, and large-muscle activity areas all had to be included in the plan. The Center was also to be designed so that it would be barrier-free.

The plans were designed, equipment orders prepared, and bids were ready to be invited when a determination was made by HUD management that HUD did not have the legal authority to spend funds appropriated for HUD programs on the construction of a child care center. It was decided that an authorization from Congress was necessary before the Department could proceed with renovation of the Center. This authorization was approved as part of the Housing Authorization Act of 1976, on August 3, 1976. Work could now begin.

At the same time that the Space and Facilities Committee was working on the physical aspects of the Center, the Management Committee was developing its educational program. The Center has a three-part educational philosophy. First, the program must focus on the needs of the whole child—emotional, social, physical, and intellectual—and on the freedom of the individual child to develop at his or her own rate. Second, the Center must include children of all races, ethnic backgrounds, and economic levels. Thus the basic commitment between James Lynn and the Committee was predicated on an agreement that a sliding fee scale would be established so that all HUD employees could afford to use the center. A system of categories was established and selection of children was to be on a first-come, first-served basis within these categories. And third, parents would be involved as an integral part of the Center through the Parents Association and representation on the Board of Directors.

A contract with the management firm of Children First, Inc. was signed on April 10, 1978; the Center's Director, Doris Howze, was hired in May and the Center was opened on June 5, 1978.

Doctor Crosby at Work—Crosby's new patient is Center Director Doris Howze.

The Center is located in both the basement of the HUD Central Office and in a fenced-in playground between the HUD building and L'Enfant Plaza. The play area has a bike path, jungle bars, a slide and swings. It is open from 8:15 a.m. to 5:45 p.m., 5 days a week. A hot lunch and two snacks are served daily. When the Center reaches capacity enrollment the staff will consist of a center director, three teachers, a day care assistant, two aides, and a housekeeper aide. They will be responsible for providing a curriculum which will strengthen the development of attention, listening skills, concept formation, recognition of relationships, judgment and language skills. In addition, consultants will be aiding the primary staff. Although the Center is primarily for children of HUD employees, up to 35 percent of the children may have parents working at other Federal and private agencies. HUD employees have priority within each fee category.

Weekly tuition, based on operating costs, ranges from $28 to $45.50, depending upon the total income of the family. Because the lowest fees charged must be heavily subsidized, only children of HUD employees are

Children group together with teacher Barbara (right) and assistant Elaine (left) around the jungle bars. HUD Building provides backdrop.

Children enjoy session with day care staff.

Valerie is a captivating subject for the photographer during her lunch break in the HUD Day Care Center.

accepted in this category. These fees provide for a high quality education and nurturing experience for the children. Costs comparisons to unlicensed day care and babysitting arrangements cannot be made. Because the Board understands that these fees may still be too high for some parents, especially those at the lower end of the income scale, in the future the Board hopes to provide, through fundraising activities, scholarships for several children.

Organizational Structure

The Center is operated by the HUD Child Care Center, Inc., a nonprofit organization, incorporated in the District of Columbia. The Board of Directors of the Center, which is the governing body, is comprised of representatives of the HUD Womens' Caucus, the Union and parents and friends of the Center. A Parents' Association has been formed and has already begun recruitment activities and will continue to provide advice and guidance to the Board. The Management firm, Children First, Inc., and Doris Howze, the Center Director, will also work closely with the Board.

Fundraising activities to provide start-up funds and additional equipment for the Center have been conducted by the Ways and Means Committee of the Board. Thus far, over $5,500 has been raised from various fundraising activities.

Start-Up Problems

Besides the long delay of waiting for Congressional authorization to proceed with the construction of the Center, other start-up problems arose. First, the Center was built by a private contractor under a contract to GSA and took a long time to construct.

Second, HUD required HCCC to sign a license agreement with the Department to protect the Department's and HCCC's interests in the project. As a part of this license agreement, HUD was required to approve the management contract (although not be a part to it), the budget and the fee scale.

Current Operational Problems

The major problem now confronting the Center is recruitment. Since HUD provides no operational funds, fees from parents must cover the costs of salaries, food, and expendable equipment. The Center will not be fully self-sustaining until most of the 60 children for which it is programmed have been enrolled. The timing of the opening of the Center (right before school let out), the normal slow start of any center until its credibility has been established, the lack of publicity for the Center, and the limited energy and money of volunteers have meant an initially small enrollment. In order to increase the number of children and provide needed services to employees, the license agreement will be modified to allow the Center to accept children as young as 2 years old. In addition, until the Center reaches full enrollment it will be accepting children on an emergency basis.

Another problem is the need for extra money, which means better salaries for teachers, an infant program and scholarships. The Board plans to hold several fundraising functions each year to bring in additional funds. □

Ms. Karadbil, a Program Analyst in the Policy Development Division, HUD Office of Policy Development and Research, is on the Board of HCCC and has served as chairperson of its Management Committee.

Government Center Child Care Center

by Laurie Langlois

Sarah Shemali, a Clerk Typist in the HUD Regional Office in Boston, is talking about the stories she tells her 4-year-old daughter, Iran, on the way to work in the morning, about how they have lunch together, and about how they can do things together afterwork. Penny Garver, Intergovernmental Affairs Specialist for DOE, has just returned to her job after she and her husband had their first child. She says that it would have been very difficult for them to find infant care if not for the Government Center Child Care Center. Eleanor White, Chief of the Multifamily Housing Branch in HUD's Boston Area Office, has her 2-year old son, Joshua, enrolled in the Center one day a week. "The Center is an enriching experience," she says, "giving him the opportunity to meet and play with other children and adults—something that he would not be able to do at home."

When the Women's Opportunity Committee of the Boston Federal Executive Board first discussed the idea of providing a child care facility for the children of Federal employees 6 years ago, it seemed impossible at the time that parents would one day be talking about the Center in the present tense. But it happened. On February 21, 1978, the Government Center Child Care Center opened its doors to an initial group of 6 infants, 4 toddlers and 4 preschoolers. There are 20 children currently enrolled, and when the Center is fully occupied in October, it will accommodate 30 children, ranging in age from 3 months to 5 years. The Government Center Child Care Center is the first day care center for Federal employees developed from the beginning on an interagency basis.

Description of Center

The Center is located on the ground floor of the J.F.K. Federal Building in Boston's Government Center, and has fenced-in outdoor play space immediately adjacent to the building. The Center is open from 7:30 a.m. to 5:30

Teacher Alan LaRue helps infant Benjamin Greene experience "a bird in the hand."

Teacher Marge Hobson leads a songfest for preschoolers (front to back) Susan Russell, Stephen Borello, Tiesha Williams and Christina Nichols.

Student teacher Beth Whitcoff and aide Bennyati Nazar monitor the progress of a train conducted by preschoolers Jackie Wooten and Christina Nichols.

p.m., 5 days a week, to accommodate the various hours parents work. Educational programs, appropriate to the ages of the children involved, are offered by the Center's 11-member staff which includes a director, three full-time and one part-time teacher, and three full-time and three part-time aides, supplemented by student teachers and volunteers. Breakfast, a hot lunch, and an afternoon snack are provided for each child, as well as diapers and baby food for infants. Arrangements to handle medical emergencies have been made with two Boston hospitals. In addition, the Center avails itself of volunteer consulting service by pediatric health professionals and screening programs conducted by researchers from local colleges and universities.

Weekly tuition fees, based on actual operating costs, are $70 for infants, $65 for toddlers and $55 for preschoolers. Part-time enrollment is also available for toddlers and preschoolers at $15 per day. The Center's child selection policy takes an affirmative action stance on providing equal opportunity for participation by children of all races, ethnic backgrounds and income levels and accordingly gives special consideration to race and parental need for the program as defined by single parent status. Income level mix is encouraged by means of a scholarship program under which scholarships are awarded on the basis of financial need, which permits reduction of tuition fees to as low as $25 per week.

Government Center Child Care Corporation

The Center is operated by the Government Center Child Care Corporation, (GCCCC), a private, nonprofit, tax-exempt organization, composed of 11 elected Directors from HUD, the General Services Administration, the Department of Health, Education and Welfare, the Environmental Protection Agency, the Department of Transportation and the Department of Labor. The GCCCC was initially formed in June 1977, from members of the Women's Opportunity Committee and other interested persons, when space for the Center was finally identified and it was clear that an entity must be created to receive funds and operate a center. GCCCC's particular interest in establishing a child care center goes beyond the mere provision of these services for the advantage of Federal parents, although that was the original motivating factor. GCCCC intends to develop a strong research and demonstration component to examine a number of pertinent issues. These may include benefits of a work-site center to the employer in lessening absenteeism, increasing morale and diminishing training needs for new employees to fill the position of women who leave upon having children. GCCCC hopes to explore the effect of offering on-site care to the single-parent family which most probably translates into the effect on the lower-grade female employee. The provision of infant care is directly related to meeting the needs of working women who experience great difficulty locating suitable infant care to enable them to return to work.

Parenting Component

GCCCC hopes to develop a strong parenting component at the Center. Parents of children in the Center are

involved both formally and informally in its operation, ranging from having lunch with their children and assisting Center staff on field trips, to individual meetings with staff, participation in the Parent's Group and serving on the Board of Directors. Using the Center as a catalyst, GCCCC, in collaboration with Wheelock College and Massachusetts Office for Children, is planning a parent education program which will include lunchtime seminars and courses for parents with children of all ages in the downtown area.

Start-Up Problems

Although the Government Center Child Care Center is now a reality, the development of the facility involved overcoming numerous start-up problems. By far, the biggest hurdle was locating appropriate space in the Fed eral Building. In fact, the apparent impossibility of finding such space halted efforts to plan a center for nearly 3 years. In 1976, however, the Women's Opportunity Committee (WOC) conducted a survey of potential users which indicated a strong interest among Federal employees in a work-site center. On the basis of that interest, the Boston Federal Employee Board (BFEB) authorized the W O C to continue its work, and subsequently HEW and DOL provided funds to hire a consultant to prepare a feasibility study. The completed study and formal presentations to the BFEB and the Regional Administrator of GSA received strong support. The identification of space and its renovation were accomplished through staff and funds provided by GSA.

The other agency principally responsible for financially supporting the Center's development was HEW which provided a no-interest loan for permanent equipment and a grant for the first year's rent.

Start-up costs, including the early hiring of some staff, incorporation fees and an accounting system, were provided through a loan from the BFEB. The HUD Regional Office has furnished conference rooms for weekly board meetings and an office for the Center Director prior to the Center's opening as well as significant contribution of staff time.

Current Operational Problems

Once the Center opened, a host of new difficulties emerged, some of which are still unresolved. Principal among these is the delicate balance of maintaining financial solvency. Staff/child ratios required by the State of Massachusetts are among the highest in the Nation, and are the primary reason the GCCCC Center's operating costs for 30 children are higher than the costs of the HUD Child Care Center for 60 children.

On-going costs are covered principally by tuition fees, but GCCCC has been able to secure 3 CETA positions and is actively engaged in fundraising events to reduce expenses. To a large extent, serious fundraising and funding from private foundations were handicapped until the corporation received tax-exempt status. Following nearly 8 months of application and rebuttal with IRS, tax-exempt status as a school was approved in May 1978.

A problem shared by the HUD Child Care Center was that of few initial enrollments, due not to lack of need but rather because, for good reason, a new center must establish credibility to potential users. After 6 months of operation, GCCCC now has a substantial waiting list, including many applications for unborn children.

Future Problems

Unlike the HUD Child Care Center, GCCCC must pay rent for its space. Although a favorable rental fee was negotiated with GSA, the cost of rental is still difficult to absorb. Because of this problem, GCCCC became the primary lobbyist behind the recent amendment to the HUD Day Care authorization introduced by Senators Kennedy and Brooke. If passed, the amendment would permit HUD to financially assist in the development of interagency centers, as well as the Headquarters Center, and will also permit assistance for start-up costs for new centers on a reimbursable basis up to 3 percent of the first year's operating budget or $3,500. GCCCC is hopeful that HUD will provide financial assistance for next year's rent in the way HEW did this year.

In addition to all the anticipated advantages now realized by the Center's existence, one unforeseen benefit has been the mutual experience, sense of accomplishment and esprit de corps developed among the GCCCC directors and their ardent supporters. Their dedication, resourcefulness and sheer hard work represent the finest elements of Federal service and interagency cooperation. □

Ms. Langlois is a Program Analyst and Regional Federal Women's Program Coordinator in HUD's Boston Regional Office who also serves as Secretary of the Board of Directors of GCCCC.

Currently, the most serious threat to the continued existence of Federal agency child care centers is posed by the proposed Office of Management and Budget Circular which would require Federal agencies to recover all costs associated with the operation and maintenance of child care centers located in government buildings and would mean a substantial rent increase for space. These circumstances would make such centers unaffordable for all but the highest paid employees.

in print

Built to Last: A Handbook on Recycling Old Buildings, **by The Massachusetts Department of Community Affairs and Gene Bunnell, Associate Planner. The Preservation Press, National Trust for Historic Preservation, 1977.**

"Use it up, wear it out, make it do, or go without."
—Old New England proverb

Built to Last is about born again buildings. The authors, using case studies, with excellent photographs of buildings in Massachusetts, give testimony to the fact that the recycling of old buildings which were built to last, should be encouraged.

The recent victimization and destruction of old buildings must be understood to have been more than the result of a "throwaway" mentality of the Fifties and Sixties. It has also been a result of agism (which can be defined generally as a prejudice against the old, or arbitrary stereotyping based on age). It was also, in another sense, a denial of our roots, of where we had been as a society and as a culture. Urban renewal, according to many observers, must be blamed, in part, for the destruction of many reminders of the past.

The irony of all of this is that we are now beginning to recognize that so much of the most unique, the well designed and culturally expessive buildings in the Nation are located in the highly urban central cities, which many had previously thought worthy only of destruction.

A movement of preservation and old pride (i.e., "Old is beautiful") is now with us. *Built to Last* clearly and resoundingly reflects that pride. Massachusetts Governor Michael Dukakis acknowledges in the preface that central to the concept of changing and reviving old buildings is a change in our perception of them as being a rare and valuable resource. That, once gone, these buildings are gone forever and with them a part of our cultural heritage.

Reading *Built to Last* leaves a lasting impression of the critical role preservation and recycling can play in a larger urban revitalization strategy. The joy of strolling through Boston's Quincy Market or through The Garage in Cambridge's Harvard Square is unforgettable. The Quincy Market and The Garage reflect a way or style of adapting buildings previously designed to be used for other functions. These adaptations occurred without denying the basic identity of the original structure. For the goals of preservation do not include stripping old buildings of their architectural detail, needlessly gutting interiors of irreplaceable design elements, or covering original materials with modern construction material.

Built to Last is a journey which causes one to reconsider basic values. Because of this, the book's reading becomes a touching event and one which will be remembered by the reader.

As a footnote it should be added that Mssrs. Lawrence O. Houstoun and Richard H. Stanton of HUD are credited in the acknowledgements as being instrumental in making the book "happen".

—Patricia A. McCormick,
Deputy Director,
Office of Neighborhood Development,
HUD Office of Neighborhoods, Voluntary
Associations and Consumer Protection

Decent Housing: A Promise to Keep, **by Tom Forrester Lord. Cambridge, Mass., Schenkman Publ. Co., 1977. 137pp. $15.00.**

"Housing is complex; it involves design, construction, and management. It also has a financial aspect; the country is run on the basis of private investment, so Wall Street is interested in housing. There is also the legislative and governmental side."

These words, in Lord's introduction, encompass the scope of his book, which is basically the history of U.S. housing policy, legislation and implementation. Lord is well qualified to present this survey, having been in the housing field since 1967. He is currently head of, among other agencies, the Houston Housing Development Corporation.

Chapter I, "An Historical Sketch of Federal Legislation, 1934–1974," highlights laws that have had the greatest impact on housing. The Housing Act of 1949 is considered the most significant law by the author because of Congress's declaration of the goal of "A decent home and a suitable environment for every American family." Title I of the Act created the Urban Renewal Program and authorized construction of 810,000 units of new public housing. The chapter discusses Section 202 of the 1959 Housing Act which authorized low interest rates to builders of projects for the elderly. Because of the success of this program, the Housing Act of 1961 included Section 221(d)(3), FHA's program for moderate-income multifamily housing, and the Rent Supplement program.

The book offers a very good insight into the history and legislation of housing laws; how these laws affect the public and private sectors; and how our government has or has not responded to the housing needs of its people.

—Ruby L. Gill
Circulation Librarian, HUD

Consumer Information Catalog, a free quarterly listing the best consumer publications from more than 24 Federal agencies and departments. More than 200 selected free or low-cost publications are available by writing: Consumer Catalog, Pueblo, Colorado 81009.

Urban Policy Update

by Joan Allman

In June President Carter said he was encouraged by the positive response to the Urban Policy by all levels and branches of government, the private sector, labor and neighborhood and voluntary organizations. He reiterated the need for their continued support in the job of revitalizing America's communities.

Legislative Initiatives
By the middle of June, major legislative proposals had been sent to Congress. Some were ready for floor action and others were being considered in Committee hearings. Four Executive Orders had been drafted to reorient Federal programs and to target aid to urban areas. Administrative changes had been suggested to reorient existing Federal urban programs to make them more consistent with the Urban Policy.

HUD is responsible for five of these major legislative initiatives. By the end of June, action had been taken in the following areas:

• *Section 312 Rehabilitation Loans*
The administration's proposal (H.R. 12293) was passed by the House on June 19. The authorization bill (H.R. 12433) was considered on the House floor on June 23. The proposal, with an add-on of $125 million, is also contained in S. 3084.

• *Neighborhood Self-Help and Development*
This proposal was introduced on May 23 by Congressman Ashley as H.R. 12858 and referred to the Subcommittee on Housing and Community Development of the House Committee on Banking, Finance and Urban Affairs. The legislation was introduced in the Senate as S. 3211 on June 19. Hearings before the Senate Banking Committee were scheduled to take place on July 10 and 11. These hearings were to include the Liveable Cities and State Strategies proposals noted below.

• *Livable Cities*
Introduced by Congressman Ashley as H.R. 12859, this proposal was referred to the Committee on Education and Labor and the Committee on Banking, Finance and Urban Affairs, Subcommittee on Housing and Community Development. The legislation was introduced in the Senate (S. 3210) on June 19. Hearings before the Senate Banking Committee are scheduled for mid-July.

• *State Incentive Grant Program*
This proposal (H.R. 12893), introduced by Representative Ashley, was referred to the Committee on Banking, Finance and Urban Affairs. It was introduced in the Senate by Senator Proxmire on June 19 (S. 3209). It was jointly referred to the Governmental Affairs Committee and Banking Committee. The Bill was to be heard by the latter Committee and by Senator Muskie's Subcommittee on Intergovernmental Relations.

• *National Development Bank*
The Bank proposal, including UDAG and EDA Title IX programs, was sent to Congress on June 20. Concerned committees in the House are the Banking Committee and the Public Works Subcommittee on Economic Development. In the Senate they are the Banking Committee and the Public Works Subcommittee on Regional and Community Development.

Administrative Actions
HUD is committed to making administrative changes in its programs so that they coincide with the objectives of the President's Urban Policy. To date, under Section 202 (Direct Housing Loans for Elderly and Handicapped Persons) HUD has simplified the handbook and the development process to reduce costs and assist minority applicants. HUD, through UDAG, has entered into an agreement with EDA and SBA to support the provision of technical assistance to 25 cities in order to stimulate economic development in distressed areas; UDAG will also be used to improve the fiscal expertise of municipal governments. HUD has begun to target $180 million in public housing modernization funds under its Urban Initiatives focus. These funds will aim at improving conditions and management of the most troubled housing authorities and projects.

New Deputy Assistant Secretary and Office for Urban Policy
Marshall Kaplan has been designated Deputy Assistant Secretary for Urban Policy, Office of Community Planning and Development. Kaplan provided advice to the Urban and Regional Policy Group. He is responsible for overseeing the implementation of the Urban Policy for the Department. An Office of Urban Policy directed by Robert P. Duckworth will provide Kaplan with staff support.

Speakers Bureau
A Speakers Bureau within the Office of Urban Policy has been formed to work in support of conserving our urban communities. The bureau is the focal point for arranging speaking engagements by Regional officials in support of the Urban Policy. Interested persons should contact the Bureau at HUD, Rm. 7133, Wash., D.C. 20410. □

Joan Allman, Urban Policy Office, HUD Office of Community Planning and Development.

". . . a place where people can come, with hope; and people can come and care about one another in the community."

Chip Carter

Hundreds of Atlanta's public housing tenants applauded as the son of the President of the United States became an "Honorary Public Housing Tenant" during the dedication of a new community center in the Atlanta Housing Authority's Carver Homes.

James Earl Carter, III, popularly known as Chip, snipped the ribbon and delivered the principal address at the official opening of the $724,000 multi-purpose facility. The new center was designed to maximize flexibility in space usage, minimize maintenance costs, and provide accessibility for handicapped persons. It is also engineered and constructed to provide maximum resistance to vandalism.

Tenant programs in Atlanta's public housing communities go back to the agency's beginning in 1938. One of the Nation's first low-income public housing developments, Techwood Homes, had an area of planned community space where tenants could meet to plan and run programs of their own. These "social centers" in the earliest developments were soon supplanted in planning and new construction by multi-purpose community centers that became a regular part of the design and construction of new public housing in Atlanta. Tenant services and social events filled the reservation calendars of the various project community buildings.

Ida Margaret White, a HUD career executive was recently named Director of the HUD Area Office in Richmond, Va. A native of Atlanta, Ga., Ms. White holds degrees from Spelman College and Atlanta University.

Stephen W. Brown is the new Director of the Detroit, Mich., Area Office of HUD. Prior to his appointment, Brown was Acting Deputy Regional Administrator with HUD's Region V Office in Chicago.

According to the final report of the Task Force on Housing Costs, housing costs—between 1972 and 1976—increased "dramatically, outpacing family incomes for the first time and effectively pricing countless families out of the housing market. Median family income, on the other hand, rose during this period at an annual rate of only 7.05, lagging well behind housing inflation."

Marvin Siflinger was recently named Director of the Boston Area Office of HUD. A native of New York, he holds a Bachelor's degree in Business Administration from Syracuse University and a Master's degree in Public Administration from City University of New York.

The rise and fall of the American dollar in European money markets has an impact on the house you buy or sell in Hometown, U.S.A. says the National Association of Realtors. In its monthly real estate status report, the association details the effect on domestic money markets of Europeans' loss of confidence in the dollar, and notes remedies available to shore up the supply of credit in the U.S.

Robert C. Scalia, HUD Assistant Regional Administrator (Denver), offers his congratulations to City of Portland Development Commissioner Allison Logan Belcher for Portland Development Commission's role in the Rosenbaum Plaza rehabilitation at the building's recent dedication. A Federal Section 312 loan of $981,250 made the project possible.

Public Housing-- The Florence, S.C. Concept

by John M. Daniels

Since the first units of housing were occupied in 1972, the Housing Authority of Florence took the approach that all residents would be temporary—that public housing for the most part should be a stepping stone from the slums and welfare rolls to the mainstream of society.

It was also realized that in order for this concept to materialize, the residents would have to be motivated toward this goal and taught the self-assurance needed.

One of the primary ingredients of the Authority's plan was education. The idea of classes to teach families consumer skills was considered foremost—but the chances of accomplishing this seemed remote. After all, some of the residents had left school many years before; some had never attended.

But the hopes for success soon became brighter. In January 1972, along with the opening of the Housing Authority's first project, a Housing Projects Program Coordinator was employed by School District One's Adult Education Department.

The Authority made the decision to formulate a curriculum, devise a schedule coinciding with the resident's job, and require that an adult member of each family attend the classes. The ball was rolling!

Family Problems Addressed

The staff then began the task of adding to the programs for the residents. Every opportunity for additional funds, equipment and services that could prove beneficial in projects under the Housing Authority of Florence was investigated.

We soon became aware that the burden of the majority of the families' problems would fall upon the shoulders of the Community Services staff. What to do with their leisure time, unemployment, drug abuse and juvenile delinquency were the problems the residents were facing. An initial move-in interview provided the means of gaining insight into particular community services' needs of families. A follow-up session was scheduled which gave the staff an opportunity to meet entire families and identify other needs.

The initiative and expertise of the Community Services staff soon became evident as new and innovative approaches were developed.

A listing of employment opportunities was made available to the Authority by the State Employment Service. The listing is reviewed by the residents and arrangements are made for application and interviews. In some instances, a staff member accompanies the applicant to the interview. The so-called "hard-core" unemployed soon found jobs.

Recreation

Recreation plays an important role in the lives of all people—and residents of public housing are no exception. The staff felt that field trips and similar activities could provide a method of bringing the residents together as a family and a community. Trips to Disney World, the State Zoo and parks are just a few that have been taken, with more planned each year.

The Community Services Department of the Authority also sponsored the "Miss Housing Authority" Beauty Pageant in 1977. Now scheduled as an annual event, the beauty pageant was a big hit and created competitive spirit and interest in all the projects.

In addition to the normal source of funds for Community Services activities, fund-raising projects help to offset the cost of the program.

Dances, bingo games and rummage sales provide recreation and help to raise money for the various projects of the communities.

Other accomplishments include the following:

– Adult Education Classes to provide residents with the opportunity to further their general education were scheduled in each community. A unit of credit for completion of the class may be given in consumer education. Some residents are tested (on site) in order to earn their high school equivalent certificates.

– The Florence County Library opened a branch at the largest site—and provides bookmobile service to the other sites.

– Residents' Advisory Councils were organized at each site and act as the link between management and residents. The Advisory Council members are elected annually by the residents of their respective communities. Meetings are held on a regular basis with the Housing Authority staff and Board of Commissioners.

– A Monthly Newsletter advises the residents of upcoming activities.

– The City Recreation Department, Florence Family Young Men's Christian Association, and the Girl and Boy Scouts play an important role in the recreation activities scheduled by our Community Services Department.

Adult Day Care Program

Established in 1974, the objectives of the Adult Day Care Programs are to help the elderly and handicapped become self-sustaining; to prevent unnecessary institutionalization; and to overcome the frustration associated with the feeling that they could no longer live useful, productive lives.

A total of 127 residents live in the two projects and all have incomes of less than $6400; seventy-two live alone; four are paraplegics; two are legally blind and ten have diagnosed mental disorders. Add to this, widespread hypertension, obesity, arthritis and loss of hearing, and it became apparent that the Adult Day Care staff was facing a challenge of enormous magnitude!

But with determination equal to or exceeding the challenge, the staff

of the Housing Authority began to tackle the problems. Taking advantage of the service of groups such as VISTA and the Jaycee-ettes, funds from the Department of Social Services as well as HUD and with support from the Council on Aging, measurable progress has been made in almost all areas.

The two Adult Day Care Centers were perhaps the most significant and beneficial addition to the Authority' program. Located at the two elderly sites, the centers provide a place for the elderly and handicapped residents to meet socially.

Four days a week, the centers serve a hot meal to the elderly and handicapped residents in cooperation with the South Carolina Department of Social Services which provides the major portion of the funds under Title XX. The food is bought locally and prepared at the center.

Recreation, exercise classes, and community dinners are just a few of the activities carried out at the centers during the normal hours of operation. In the evening, the Authority provides transportation to such functions as the Florence Little Theater and movies.

Field trips to museums, the beach area, visits to shopping areas, food stamp centers, and pharmacies are just a sampling of the activities conducted by the Adult Day Care staff.

Child Development Program

Along with the development of the Community Services Programs, Adult Day Care Programs, and the Management Skills for Living Classes, we also gave attention to a Child Development Program for working mothers and those seeking work. As always, funds were the primary obstacle, and as always, the staff began investigating various ways and means of overcoming this hurdle.

It was decided that, if the funds or a major portion of them could be found, one of the larger apartments on various sites could be turned into a child development center.

By utilizing Manpower monies, a staff was employed to open the first center. Later, we negotiated a contract with the State Department of Social Services to operate additional centers with 75 percent of the costs paid with IV-A Funds and 25 percent by Florence School District funds. When Title XX funds became available, the contracts were continued. The Child Development Program finally became a reality. In 1976 HUD funds were obtained and a 4000 sq. ft. Child Development Center was constructed on the largest site.

Now, we thought, our program was complete. We were not only housing the families, but were teaching them life skills, providing recreational and educational programs, caring for the special needs of the elderly, handicapped and children, and offering an opportunity for mothers to work or seek work.

Measurable Results

Results became evident. Maintenance costs decreased by 25 percent; many residents are becoming homeowners; formerly illiterate residents are receiving high school diplomas—even going on to college!

Little did we know that it was only the end of the beginning.

We soon found that the needs of our residents and those of the community we serve are never-ending. We needed more programs, more space, additional staff and needless to say, more money.

It was back to the drawing board. We not only needed to continue the present programs—we needed to expand them, create new ones and streamline the old ones.

Correspondence with HUD and other agencies began to flow, ideas took shape, programs were initiated on a trial basis, and soon measurable progress was evident.

Some of the more recent accomplishments in the area of construction are:

— Completion of a community services building containing classroom and child care facilities.

—Completion of an addition at the Pine Park Adult Day Care Center.

The Housing Authority staff has more than doubled since 1974. Thirty-two members of the staff are employed under the CETA program. They are assigned duties in all phases, at all levels within the Authority.

Security

The latest addition to the staff is a security officer. Commissioned by the State Law Enforcement Division as a State Constable with full powers of arrest, the officer is assigned the task of promoting public relations and safety as well as security.

On board less than a year, the uniformed officer has created a new feeling of confidence among the residents—old and young alike. His tours through the projects almost always create an enormous following by the children, who look upon him as a friend—respected and emulated. It is quite apparent that he is fast becoming the most popular member of the staff.

Additions to the Security Force are planned for the future.

The Staff is presently involved in a Comprehensive Housing Counseling Program under a HUD grant. Originally scheduled to end on December 31, 1977, the grant was extended two months, during which time an application for additional grant funds was prepared and submitted.

The Housing Authority of Florence, supplemented by on-site project managers and support personnel, is fast becoming a Regional Authority. The staff now operates and administers housing programs in five communities in Eastern South Carolina.

In all our projects—the Florence Concept is our "guiding light." The services we provide and the programs we administer are oriented toward achieving the goals and objectives of our residents—decent, safe and sanitary housing, full time employment and a better, more productive life for them and their children. □

Mr. Daniels is Executive Director of the Housing Authority of Florence.

Decent Housing-- The Unmet Agenda

by Charles Hayes
and John Kimbrough

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Twenty-one years after the adoption of the housing goal in the National Housing Act of 1949, some 38 percent of all the households in Central Appalachia were still living in substandard housing; in the entire Region, 18 percent of housing was substandard, in comparison with a national rate of only 13 percent. (*Substandard housing* has been defined by the Bureau of the Census as housing lacking one or more plumbing facilities—most often a flush toilet—and/or overcrowded—that is, with more than 1.01 occupants per room.)

What went wrong is no secret; housing is a difficult and tedious business. Providing housing requires a combination of factors which, when taken together, make the problem as one official put it, "no sport for the shortwinded." There are programs and funding, developers and consumers, land availability, codes and requirements, incomes and marketability. The trick is to assemble all of these things and keep them all together long enough to produce a dwelling unit or rehabilitate an occupied one.

The Sources of the Problem

The fact of the matter is that every year in Appalachia it becomes more and more difficult for the traditional supplier of housing—a conventional builder with conventional financing—to deliver the product. Inflation in housing construction and maintenance costs has been persistent over the last decades. The result is that much of the ever-growing population is dependent on some form of assistance in order to afford the rent and mortgage payments required in today's marketplace. The Congressional Research Service estimates only 15 percent of the American families who now own homes could afford to sell and purchase an average-priced new home on conventional terms. It used to be that only the poor had difficulty finding the money for housing;

today it is a problem for everyone.

As a result programs using public monies to support housing have become much more numerous. In 1949, practically speaking, there were only two major housing programs, Federal Housing Administration insurance and public housing. Today, on the other hand, there are 75 housing programs administered by 15 agencies, according to the Rural Development Service of the Department of Agriculture.

In Appalachia, housing is more difficult to obtain at a reasonable cost than elsewhere in the Nation for three major reasons: terrain, land ownership patterns and accessibility. Only 5 percent of Appalachia's 195,000 square miles is situated on less than a 15-percent slope; this small percentage of relatively level land is generally either precariously situated in flood-plain areas or prohibitively expensive—if it is for sale at all. It is not uncommon to pay $15,000 or $20,000 to acquire and put the necessary improvements on a building lot before even starting on the dwelling itself.

New Reasons for Hope

Public officials everywhere are thus realizing that public bodies must help provide adequate housing. Today, in 1977, virtually every Appalachian development plan—local, State and regional—contains a pledge to provide decent housing similar to the 1949 National Housing Act goal. What's more important, though, is that many jurisdictions have moved past the formulation of goals to the operation of programs to remedy housing deprivation, usually for one of the three reasons listed below:

1. Officials are becoming increasingly aware of the severity of the problem and of the effect that lack of adequate housing has on economic development.

Each year Appalachia is acquiring some 60,000 new residents, most of whom are moving into areas of high economic activity that already have a high incidence of substandard housing, but show little activity in housing production.

Appalachian terrain, with its limited amount of flat land and relative inaccesibility, makes housing in the Region especially difficult to provide.

With the national recognition of the importance of Appalachia's energy (coal and nuclear), those involved in its production are making known to public officials their needs for additional housing units to house new workers in energy and related service fields.

At the same time, other factors are contributing to public awareness. Increasing publicity has drawn attention to the fact that some of the rise in health costs is directly attributable to hazards connected with substandard housing—in particular, of course, to diseases arising out of or spread by poor sanitation. Then, sudden natural disasters such as the April 1977 floods in Central Appalachia—which claimed approximately 4,000 dwelling units—have reduced the already inadequate supply of existing housing.

2. Many Federal programs now require that housing be improved as a prerequisite to the funding of such facilities as parks, sewerage systems and the like.

Although these requirements do serve to draw public attention to housing conditions, legal sanctions and penalties are not the equivalent of public or private commitment in housing. In these situations, where there is an immediate requirement to be met, the efforts to improve housing are likely to be laid to rest after a community secures the federally funded park or sewer. And without long-term commitments that will assure that new housing is maintained well, communities may end up worse off, with new uncompleted or deteriorating units.

3. There are new resources available to help with housing problems. Sometimes "grantsman-oriented" jurisdictions cannot stand to pass up any available opportunity for funding, whether it be a public works program or rent subsidy payments under the Section 8 program of the Department of Housing and Urban Development (HUD); this type of motivation alone will never be effective because it puts the emphasis on using available funds rather than solving current problems.

But for communities really interested in solving their housing problems, there are three interrelated housing resources that appear to offer real promise for the Region: the State housing finance agencies, the Farmers Home Administration program and the Appalachian housing program.

New housing in South Carolina

When the Appalachian Regional Commission (ARC) began its operations in 1965, only one Appalachian State had a State housing finance agency (SHFA) with tax-exempt borrowing powers. Today there are 11 such agencies in the Region, with an approximate borrowing power of $2 billion. They operate a variety of different programs: direct and indirect financing of single- and multifamily housing, mortgage insurance and administration of HUD Section 8 contracts for rental assistance.

The Farmers Home Administration (FmHA) is the largest single source of mortgage credit in rural areas, with an annual housing budget far in excess of the $2-billion total combined debt ceiling of all 11 SHFAs. This agency's versatility is enhanced by three new developments: a broadening of eligibility for housing assistance to cover communities of up to 20,000 in population; an increase in the maximum income for eligibility to $15,600 a year (adjusted for family size and taxes); new programs such as the mortgage guarantee program, elderly home repair grants and a rent supplement program for rural rental housing.

The Appalachian Section 207 Housing Program

The Appalachian housing program is today a flexible development resource, as a result of the 1975 legislative amendments to Section 207 of the Appalachian Regional Development Act of 1965.

There are three types of assistance available to the States under Section 207:

- project-planning loans
- site development and off-site improvement grants and advances
- housing technical assistance grants

Authority to use this assistance was broadened under the 1975 amendments to permit the Commission's member States to create their own complete Section 207 State programs. Each State can now have a special depository for the receipt of all Appalachian Section 207 funds, including a revolving loan fund for project-planning loans, plus separate accounts for site development and off-site improvements grants and advances, and housing technical assistance. The fund is administered by a housing agency or department of community affairs. Evaluation and control is maintained through an annual report with a compliance audit to the ARC (an audit to make sure the program complies with ARC regulations) and the concurrence of the ARC State alternate or a designated representative for specific project funding, even on projects funded through money that has already been used once in the State and returned to the fund for reuse.

Project-Planning Loans

The backbone of the State Section 207 fund is the revolving loan fund, a concept that originated with the Appalachian program and has since become the basis for a national housing program. It provides money for loans to cover 80 percent of the preconstruction expenses associated with the production or rehabilitation of low- and moderate-income housing. Among these items are land options, market analysis, consultant fees, preliminary architectural and site-engineering fees and construction-loan financing fees. The cost of these items can normally be included in a mortgage, which means that after a construction loan or a permanent mortgage has been approved for a project, the planning loan can then be repaid to the ARC revolving fund to be reused on another project. The fund grows from periodic capitalizations from the State's area development allocation as well as from interest charged and interest accrued on idle funds. The result, of course, is the creation of a reusable capital resource.

The Commission program also provides that repayment of a planning loan may be waived (that is, converted into a grant) if a nonprofit corporation or public body is not

This couple's home was built with the help of ARC project-planning funds.

able to obtain financing for its housing project or if the mortgage that is obtained does not provide for repayment of the planning loan.

Site Development and Off-Site Improvement Grants and Advances
Funds are available through Section 207 on a nonmatching basis to cover up to 10 percent of the total project cost for new construction, or 10 percent of the reasonable value of rehabilitated housing, when the assistance is deemed necessary to make the project economically viable. This assistance became necessary because in spite of the assistance of the ARC revolving planning-loan fund, Appalachian communities still have difficulty in trying to provide housing for low- and moderate-income families. The three major causes of difficulty are: (1) the low incomes of the families to be housed in the projects, (2) the high cost of land development because of the Appalachian topography and (3) the fact that available building sites frequently have no access to community facilities such as sewer and water lines. The net result is that if rents and sale prices are set high enough to cover full development costs, they are so high that the housing is beyond the reach of the people the programs are intended to serve. On the other hand, if rents and prices were set low enough for these people to afford, the economic feasibility—and hence the Federal funding—of the project would be jeopardized.

Typical costs which can be covered include:

Site development: excessive excavation, cutting and filling, rock excavation, piling and other similar conditions; demolition of existing structures, removal of debris and any salvageable material or equipment, disposal of old foundation material and filling of excavation.

Off-site improvement: utility line extension, street grading, paving, curbs, gutters, drainage, and water and sewer extension.

These two components of the Section 207 housing program used to be limited, before the 1975 amendments, to certain HUD low- and moderate-income programs. At that time HUD administered the Appalachian housing fund, from which the loans and grants were drawn to assist eligible HUD projects. Although over 6,500 housing units were constructed, representing a Section 207 investment of $4 million, which generated over $120 million worth of construction, the program needed to be broadened to accommodate emerging State housing programs through the SHFAs as well as stepped-up housing production under FmHA, both of which contribute importantly to increasing the supply of good housing in the Region today.

Housing Technical Assistance
The third component of the Appalachian housing fund (and the Section 207 program) is the technical assistance grant to a State or State agency for nonconstruction costs associated with the State's housing program as a whole. Permissible costs under this part of the program include 100 percent of technical professional services, salaries, overhead incidental to professional services, architectural and engineering costs and the purchase or rental of office equipment. To be eligible, the State program must be aimed at initiating, stimulating and supporting the increased production of new housing and the preservation of existing housing for low- and moderate-income people.

Other ARC Funding Programs
In addition to the Section 207 program, which is restricted to low- and moderate-income housing, ARC has two other funding programs available for housing activities: Section 302B, research and demonstration, and Section 214, supplemental and special basic grants.

The first program, Section 302B, is intended for projects of an innovative, demonstrative nature. Generally the Commission provides a 75-percent grant to cover all reasonable costs associated with such projects. The only ineligible costs would be the financing of private industrial facilities, working capital, facilities for the distribution of electric energy or gas, and site acquisition and development. However, when the demonstration project is energy-related and of an enterprise development nature, even these restrictions on eligible costs may be waived, and the project may be eligible for 100-percent Commission funding. Two recent examples of the use of Section 302B for energy-related housing projects are: 1) a residential construction loan insurance fund for mining communities and 2) land acquisition and improvement for the housing of nuclear power plant workers.

The Section 214 supplemental and basic grant program is also a useful funding tool for Appalachian housing. The program provides funds for use with Federal grant-in-aid programs such as HUD's Title I community development block grants or FmHA's Section 504 home repairs grants. The program works in one of two ways: 1) Funds can supplement funds from basic Federal agencies up to 80 percent of the total eligible project cost. For example, if the total eligible project cost is $200,000 for a HUD-funded rehabilitation project but the community receives a commitment for only $100,000 from HUD, ARC can provide a $60,000 grant, which would bring the total Federal assistance up to $160,000, or 80 percent of the project cost. 2) Funds can be used as first-dollar grants if the project is eligible for a Federal grant-in-aid and the basic agency has approved the project but is out of funds. The Commission may then provide up to 80 percent of the total eligible project cost. For example, Section 214 basic grants could be used for 80 percent of the cost of those home repairs eligible under the FmHA Section 504 home repair grant program, which is currently out of funds. □

Charles Hayes and John Kimbrough are on the staff of the ARC Division of Housing and Community Development.

Characteristics of New One-Family Homes

According to a report issued jointly by HUD and the Bureau of the Census, 1,026,000 new one-family homes were completed in 1976, an 18 percent increase over 1975 and the first one-million year since 1973. Completions included contractor- and owner-built houses and houses built for sale and rental. Two-thirds of these homes were conventionally financed, compared to 49 percent in 1971 when this series began. Of the nearly one-fifth financed with Federal assistance, 6 percent were HUD/FHA insured; eight percent were VA guaranteed; and 5 percent were financed by the Farmers Home Administration (FmHA).

The average home completed in 1976 was 3 percent larger in floor area than in 1975 and the trend is toward more amenities. Two-thirds of the completed homes had two or more bathrooms, and approximately half of them had a fireplace and central air-conditioning.

During 1976, 639,000 new one-family homes were sold at an average price (including lot) of $48,000, up 13 percent over 1975. Conventionally financed homes averaged $52,100 in price while HUD/FHA-insured homes averaged $35,200.

The proportion of housing selling for under $30,000 dropped from 66 percent in 1971 to 12 percent in 1976.

—Prepared by Robert Ryan
HUD Office of Management Information

New Privately Owned One-Family Homes Completed: 1971 to 1976
Type of Financing Reported (%)

Year	Total Number (Thousands)	FHA	VA	FMHA	Conventional	Cash
1971	1,014	25	9	N.A.	49	17
1972	1,143	17	10	N.A.	59	14
1973	1,174	8	8	N.A.	69	15
1974	932	7	8	N.A.	69	17
1975	866	9	8	7	58	18
1976	1,026	6	8	5	67	15

Physical Characteristics (%)

Year	Average Floor (Sq. Ft.)	2 or more Bathrooms	Heated by Electricity	With 1 Fireplace	Centrally Air Conditioned
1971	1,520	48	31	32	36
1972	1,555	53	36	34	43
1973	1,660	60	42	39	49
1974	1,695	61	49	43	48
1975	1,645	60	49	46	46
1976	1,700	67	48	52	49

New Homes Sold: 1971 to 1976 Average Sales Price by Type of Financing

Year	United States	FHA Insured	VA Guaranteed	FMHA	Conventional	Cash
1971	$28,300	$21,200	$26,100	N.A.	$24,000	$27,900
1972	30,500	21,800	26,300	N.A.	34,100	31,700
1973	35,500	24,500	28,300	N.A.	38,000	36,700
1974	38,900	30,800	32,100	N.A.	40,800	42,000
1975	42,600	32,900	35,700	23,100	47,400	42,200
1976	48,000	35,200	39,300	24,400	52,100	48,200

Data Source: Characteristics of New Housing, HUD-U.S. Bureau of the Census Report

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